

**SCHOOL DISTRICT
OF
ELMER BOROUGH**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Elmer Borough Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Elmer Borough Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

Elmer Borough Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE ELMER BOROUGH BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
 <u>FINANCIAL SECTION</u>	
 Independent Auditor's Report	 8-10
 Required Supplementary Information - Part I Management's Discussion and Analysis	 11-18
 Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	19
A-2 Statement of Activities	20
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	22
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
B-4 Statement of Net Position	N/A
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	24
B-6 Statement of Cash Flows	25
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	26
B-8 Statement of Changes in Fiduciary Net Position	N/A
 Notes to the Financial Statements	 27-44
 INTENTIONALLY LEFT BLANK	 45-50

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE ELMER BOROUGH BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**TABLE OF CONTENTS
(page 2)**

<u>FINANCIAL SECTION</u> (continued)	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	51-54
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-1b Education Jobs Fund program – Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	55
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	56
Other Supplementary Information	
D. School Based Budget Schedules (if applicable)	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
INTENTIONALLY LEFT BLANK	57
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	58
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE ELMER BOROUGH BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**TABLE OF CONTENTS
(page 3)**

<u>FINANCIAL SECTION</u> (continued)	<u>Page</u>
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	59
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	60
G-3 Combining Schedule of Cash Flow	61
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position	62
H-2 Combining Statement of Changes in Fiduciary Net Position	63
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	64
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	65
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
INTENTIONALLY LEFT BLANK	66-67
 <u>STATISTICAL SECTION</u>	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	68
J-2 Changes in Net Position	69
J-3 Fund Balances - Governmental Funds	70
J-4 Changes in Fund Balances, Governmental Funds	71
J-5 General Fund Other Local Revenue By Source	72

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE ELMER BOROUGH BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**TABLE OF CONTENTS
(page 4)**

STATISTICAL SECTION (continued) Page

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	73
J-7	Direct and Overlapping Property Tax Rates	74
J-8	Principal Property Tax Payers	75
J-9	Property Tax Levies and Collections	76

Debt Capacity

J-10	Ratio of Outstanding Debt by Type	77
J-11	Ratios of General Bonded Debt Outstanding	78
J-12	Direct and Overlapping Governmental Activities Debt	79
J-13	Legal Debt Margin Information	80

Demographic and Economic Information

J-14	Demographic and Economic Statistics	81
J-15	Principal Employers	82

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	83
J-17	Operating Statistics	84
J-18	School Building Information	85
J-19	Schedule of Required Maintenance Expenditures by School Facility	86
J-20	Insurance Schedule	87

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	88-89
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance and Report on Schedule of Awards Required by New Jersey OMB Circular Letter 04-04	90-91
K-3	Schedule of Expenditures of Federal Awards, Schedule A	92
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	93
K-5	Notes to Schedules of Expenditures of Federal and State Awards	94-95
K-6	Schedule of Findings and Questioned Costs	96-100
K-7	Summary Schedule of Prior Year Audit Findings	101

INTRODUCTORY SECTION

ELMER BOROUGH BOARD OF EDUCATION

~ Administration Office ~

1076 Almond Road

Pittsgrove, New Jersey 08318-3950

(856) 358-3094

Fax: (856) 358-6020

Henry Bermann

Superintendent of Schools

Suzanne R. Fox Abdill

Business Administrator/Board Secretary

October 31, 2013

Honorable President and
Members of the Board of Education
Elmer Borough School District
Elmer, New Jersey 08318

Dear Board Members:

The comprehensive annual financial report of the Elmer Borough School District for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, P.L. 98-502 as amended by The Single Audit Act Amendments of 1996, P.L. 104-156 and the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* and the state Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Elmer Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Elmer Borough Board of Education and its school constitute the District's reporting entity.

As of July 1, 2010, the District commenced in a full sending/receiving relationship with the Pittsgrove Township School District. The Elmer Borough School District will operate as a non-operating school district. As required by law, it shall maintain a board of education, a board secretary's office and a budget for its expenditures including board operations, tuition, transportation, insurance and any other needs.

Enrollment Data

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-13	N/A	N/A
2011-12	N/A	N/A
2010-11	N/A	N/A
2009-10	95	13.09%
2008-09	84	10.5%
2007-08	76	(6.2)%
2006-07	81	(4.7)%
2005-06	85	10.4%
2004-05	77	1.32%
2003-04	76	(39.20)%
2002-03	125	(4.58)%

2. ECONOMIC CONDITION AND OUTLOOK:

The Elmer Borough area is a rural community of Salem County and presently is not experiencing any significant development or expansion in the future. The tax base continues to remain constant due to this lack of economic development and limited population growth. This unfortunately has begun to reflect negatively in our current tuition cost, especially in the area of special education. Due to the restricted revenues received from state aid and the limited increases allowed from local tax levy, the 2010-11 school year marked a full send/receive agreement with Pittsgrove Board of Education. The Elmer School is now leased by the Pittsgrove Board of Education for use by both Districts in the education process.

3. MAJOR INITIATIVES:

The Elmer Borough School District is committed to providing its students with the best educational opportunities available within its resources. With the implementation in 2010-11 of the full send/receive agreement with Pittsgrove Board of Education, all students from both Pittsgrove and Elmer attend school together from preschool through twelfth grade. Since the 2010-2011 school year Elmer School housed students in grades one and two from both communities. Olivet School houses grades three, four and five and the Middle School houses grades six, seven, and eight making it a true middle school. All three elementary schools are at their functional capacity.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control process designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control process is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control process is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control process, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

7. DEBT ADMINISTRATION:

At June 30, 2013, the District had no outstanding debt.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's Audit Committee selected Raymond Colavita, C.P.A., R.M.A., from the accounting firm of Nightlinger, Colavita and Volpa, P.A. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

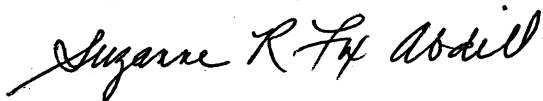
11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Elmer Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Henry Bermann, Superintendent



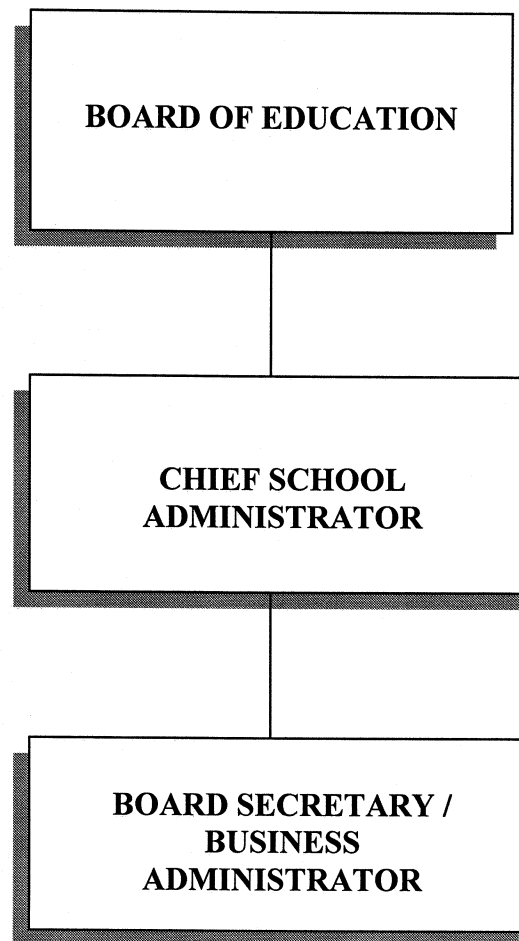
Suzanne R. Fox Abdill, School Business Administrator/Board Secretary

ELMER TOWNSHIP BOARD OF EDUCATION

Pittsgrove, New Jersey

ORGANIZATIONAL CHART

(UNIT CONTROL)



ELMER BOROUGH SCHOOL DISTRICT
ELMER, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Jean Dale, President	2013
Patricia Schneider, Vice President	2013
Melissa Williams	2013
Samuel F. Wheaton, IV	2014
Denzil Hardman	2015
Michelle English	2015

OTHER OFFICIALS

Henry Bermann, Superintendent

Suzanne R. Fox Abdill, Business Administrator/Board Secretary

Cynthia Strang, Treasurer

Jane Capasso, Esquire, Solicitor

ELMER BOROUGH BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Jane Capasso, Esquire
Lipman, Antonelli, Batt, Gilson, Malestein, Rothman and Capasso, P.C.
110 North Sixth Street
P.O. Box 280
Vineland, NJ 08360

OFFICIAL DEPOSITORY

First National Bank of Elmer
Main Street
Elmer, NJ 08318

INSURANCE AGENCY

Conner Strong & Buckelew Companies, Inc.
123 Rosenhayn Avenue
P.O. Box 358
Bridgeton, NJ 08302

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 31, 2013

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Elmer Borough School District
County of Salem, New Jersey 08079

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Elmer Borough School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the Elmer Borough School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Elmer Borough Board of Education in the County of Salem, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New Accounting Standards

As discussed in Note 2 to the financial statements, during the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 18 and 51 through 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elmer Borough Board of Education's financial statements as a whole. The introductory section and other supplementary information, such as, the combining and individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid***, and are not a required part of the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

While the District had a positive Budget Basis Fund Balance as of June 30, 2013, this was accomplished through a loan in the amount of \$1,000,000 that was granted under the State of New Jersey "School District Fiscal Accountability Act" to avoid a material budget basis deficit. The loan will be repaid over time.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated October 31, 2013 on our consideration of the Elmer Borough Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

ELMER BOROUGH BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

UNAUDITED

The discussion and analysis of Elmer Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ❖ General revenues accounted for \$3,227,902 in revenue or 98.2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$58,292 or 1.8% to total revenues of \$3,286,194.
- ❖ Total net position of governmental activities decreased by \$338,251 from the previous year.
- ❖ The School District had \$3,624,445 in expenses, of which \$58,292 of these expenses was offset by program specific charges for services, grants or contributions. General revenues of \$3,227,902 were not adequate to provide for these programs.
- ❖ The General Fund had \$3,481,401 in revenues and \$3,656,625 in expenses. The General Fund balance decreased \$210,871 over 2012. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Elmer Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Elmer Borough School District, the General Fund is the most significant fund.

Reporting the School District as a Whole Statement of Net Position and the Statement of Activities

While this document contains all funds used by the School District to provide programs and activities, the district looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business-type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity, although in a non-operating status during the year under audit.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 21. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2013 and 2012.

Table 1
Net Position

	<u>2013</u>	<u>2012</u>
Assets		
Current and Other Assets	\$ 342,264	\$ 278,898
Capital Assets, Net	122,216	173,360
	<u>464,480</u>	<u>452,258</u>
Liabilities		
Long-term Liabilities	1,250,422	1,117,595
Other Liabilities	303,160	85,514
	<u>1,553,582</u>	<u>1,203,109</u>
Net Position		
Invested in Capital Assets, Net of Debt	122,216	173,360
Restricted		367
Unrestricted	(1,211,318)	(924,578)
	<u>(1,089,102)</u>	<u>(750,851)</u>

Table 2 shows the changes in Net Position from fiscal year's 2013 and 2012.

Table 2
Changes in Net Position

	2013	2012
Revenues		
Programs Revenues		
Charges for Services	\$	\$
Operating Grants and Contributions	58,292	81,774
General Revenues		
Property Taxes	1,257,718	1,233,057
Grants and Entitlements	1,879,822	1,507,577
Other	90,362	121,338
Total Revenues	\$ 3,286,194	\$ 2,943,746
Program Expenses		
Instruction	\$ 73,805	\$ 65,999
Support Services		
Tuition	3,271,431	3,170,065
Pupils and Instructional Staff	13,166	17,007
General Administration, School		
Administration, Business	44,887	47,831
Operations and Maintenance of Facilities	16,546	5,062
Pupil Transportation	189,950	163,471
Employee Benefits	5,132	90,276
Enterprise Fund		2,614
Other	9,528	9,402
Total Expenses	3,624,445	3,571,727
Deficit in Revenues over Expenditures	\$ (338,251)	\$ (627,981)

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total revenues were \$3,286,194 for the fiscal year ended June 30, 2013. Property taxes made up 39% of revenues for governmental activities for the Elmer Borough School District for fiscal year 2013. Federal, state and local grants accounted for \$1,938,114 or another 60% and miscellaneous revenues accounted for 1%. The total cost of all program and services was \$3,566,153. Instructional expenditures of \$17,722 comprise .5% of District expenses.

Business-Type Activities

There were no revenues or expenses for the District's business-type activities. Factors contributing to these results included:

- ❖ The District was non-operating during the year under audit and Child Care services were, therefore, not provided.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	Table 3			
	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	\$ 73,805	\$ 17,722	\$ 65,999	\$ 2,954
Support Services				
Tuition	3,271,431	3,271,431	3,170,065	3,170,065
Pupils and Instructional Staff	13,166	10,957	17,007	14,448
General Administration, School				
Administration, Business	44,887	44,887	47,831	47,831
Operation and Maintenance of Facilities	16,546	16,546	5,062	5,062
Pupil Transportation	189,950	189,950	163,471	163,471
Employee Benefits	5,132	5,132	90,276	74,106
Other	9,528	9,528	9,402	9,402
Total Expenses	<u>\$ 3,624,445</u>	<u>\$ 3,566,153</u>	<u>\$ 3,569,113</u>	<u>\$ 3,487,339</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$3,539,693 and expenditures of \$3,714,917. The net positive/negative change in fund balance for the year was most significant in the General Fund, which had a decrease of \$210,871.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,389,340	39%	\$ 34,945	3%
State Sources	2,094,270	59%	(430,389)	-17%
Federal Sources	56,083	2%	(8,609)	-13%
Total	<u>\$ 3,539,693</u>	<u>100%</u>	<u>\$ (404,053)</u>	<u>-10%</u>

The increase in Local Sources is attributed to increases in local tax levy of \$24,661 and miscellaneous revenue of \$10,740, offset by a decrease in interest revenue of \$456.

The decrease in State Sources is attributable to a decrease in general fund state aid of \$430,389.

The decrease in Federal Sources is attributed to decreases in grant awards totaling \$8,609.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2013.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2012</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 73,805	2%	\$ 7,806	11.83%
Undistributed Expenditures	3,641,112	98%	147,400	4.22%
Total	<u>\$ 3,714,917</u>	<u>100%</u>	<u>\$ 155,206</u>	<u>4.36%</u>

The increase in Current – Instruction is attributed to an increase in regular instruction of \$7,806.

The increase in Current – Undistributed Expenditures is attributed to increases in tuition costs of \$101,366, general administrative services and central services of \$97,056, plant operations and maintenance of \$11,484, transportation of \$26,479, offset by decreases in student and instructional related services of \$3,841 and employee benefits of \$85,144.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012-13, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues and expenditures would equal, the actual results for the year show a \$190,283 decrease in fund balance.

- ❖ Actual revenues were \$57,524 more than expected, due in part to an increase in other miscellaneous sources of \$10,634, combined with unanticipated state aid.
- ❖ The actual expenditures were \$16,860 more than expected due to unfavorable variances in most line items of the budget. This illustrates the lack of capacity for the district to fund its mandated expenditures under the existing tax and state aid formulas.

Capital Assets

At the end of the fiscal year 2013, the School District had \$122,216 invested in land, buildings, site improvements and machinery and equipment. Table 4 shows fiscal 2013 balances compared to 2012.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2013</u>	<u>2012</u>
Land	\$ 20,623	\$ 20,623
Building and Improvements	64,498	69,795
Site Improvements	37,095	41,326
Machinery and Equipment		41,616
Totals	<u>\$ 122,216</u>	<u>\$ 173,360</u>

Overall capital assets decreased by \$51,144 from fiscal year 2012 to fiscal year 2013. This decrease in capital assets (primarily buildings and improvements and equipment) represented unallocated depreciation expense of \$9,528. Previously owned equipment was transferred to the Pittsgrove Township School District in accordance with the twenty year long-term lease starting in the 2010-11 fiscal year.

Debt Administration

At June 30, 2013, there was no outstanding debt and the School District's overall legal debt margin was \$1,834,291, of which all was available for future projects.

For the Future

In 2010-11 the Elmer Board of Education entered into a full send/receive agreement with the Pittsgrove Township Board of Education. The Elmer school is being leased by the Pittsgrove Township Board of Education for use by both Districts in the education process. Due to the restriction in raising taxes, the Elmer Board of Education lacks enough revenue sources to support the cost of educating the students in the Borough of Elmer and has relied on loans from the state to balance their budget. The Elmer Board of Education, once legislation is enacted, will be consolidated with the Pittsgrove Board of Education and will no longer be in existence.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Suzanne R. Fox Abdill, Business Administrator, at Elmer Board of Education, 1076 Almond Road, Pittsgrove, New Jersey 08318

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

ELMER BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 95,115	\$	\$ 95,115
Receivables, Net	247,149		247,149
Capital Assets, Net (Note 8)	122,216		122,216
Total Assets	<u>464,480</u>		<u>464,480</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	302,323		302,323
Unearned Revenue	837		837
Noncurrent Liabilities (Note 9):			
Due within One Year	259,407		259,407
Due beyond One Year	991,015		991,015
Total Liabilities	<u>1,553,582</u>		<u>1,553,582</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	122,216		122,216
Unrestricted	(1,211,318)		(1,211,318)
Total Net Position - Deficit	<u>\$ (1,089,102)</u>	<u>\$</u>	<u>\$ (1,089,102)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

ELMER BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 73,805	\$ -	\$ 56,083	\$ (17,722)	\$ -	\$ (17,722)
Support Services:						
Tuition	3,271,431			(3,271,431)		(3,271,431)
Student & Instruction Related Services	13,166		2,209	(10,957)		(10,957)
General and Business Admin Services	14,109			(14,109)		(14,109)
Central Services	30,778			(30,778)		(30,778)
Plant Operations and Maintenance	16,546			(16,546)		(16,546)
Pupil Transportation	189,950			(189,950)		(189,950)
Employee Benefits	5,132			(5,132)		(5,132)
Unallocated Depreciation	9,528			(9,528)		(9,528)
Total Governmental Activities	3,624,445		58,292	(3,566,153)		(3,566,153)
Business-Type Activities:						
Child Care						
Total Business-Type Activities						
Total Primary Government	\$3,624,445	\$ -	\$ 58,292	\$ (3,566,153)	\$ -	\$ (3,566,153)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,257,718	\$ -	\$ 1,257,718
Federal and State Aid Not Restricted				1,879,822		1,879,822
Rental Income				100,000		100,000
Closeout of Enterprise Fund				(36,014)	36,014	
Cancellation of Accounts Receivable					(133)	(133)
Fixed Asset Adjustment					(41,616)	(41,616)
Cancellation of Prior Year Accounts Payable					489	489
Investment Earnings				416		416
Miscellaneous Income				31,206		31,206
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,233,148	(5,246)	3,227,902
Change in Net Position				(333,005)	(5,246)	(338,251)
Net Position - Beginning (Deficit)				(756,097)	5,246	(750,851)
Net Position - Ending (Deficit)				\$ (1,089,102)	\$ -	\$ (1,089,102)

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

EXHIBIT B-1

ELMER BOROUGH SCHOOL DISTRICT

BALANCE SHEETS

GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 95,115	\$	\$ 95,115
Interfund Receivable	11,101		11,101
State Aid Receivable	235,211		235,211
Federal Aid Receivable		11,938	11,938
Total Assets	<u>\$ 341,427</u>	<u>\$ 11,938</u>	<u>\$ 353,365</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 302,323	\$	\$ 302,323
Interfund Payable		11,101	11,101
Loan Payable	138,183		138,183
Unearned Revenue		837	837
Total Liabilities	<u>440,506</u>	<u>11,938</u>	<u>452,444</u>
Fund Balances:			
Unreserved:			
General Fund - Deficit	<u>(99,079)</u>		<u>(99,079)</u>
Total Fund Balances	<u>(99,079)</u>		<u>(99,079)</u>
Total Liabilities and Fund Balances	<u>\$ 341,427</u>	<u>\$ 11,938</u>	

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,098,778 and the accumulated depreciation is \$976,562 Note 8).

122,216

Advanced State Aid under the "School District Fiscal Accountability Act" is recorded as revenue for budget purposes and as long-term debt for GASB - 34 purposes

(1,112,239)

Net Position of Governmental Activities

\$ (1,089,102)

The accompanying Notes to Financial Statements are an integral part of this statement.

ELMER BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	\$ 1,257,718	\$	\$	\$ 1,257,718
Rentals	100,000			100,000
Interest Earned	416			416
Miscellaneous	28,997	2,209		31,206
Total - Local Sources	1,387,131	2,209		1,389,340
State Sources	2,094,270			2,094,270
Federal Sources		56,083		56,083
Total Revenues	3,481,401	58,292		3,539,693
EXPENDITURES				
Current:				
Regular Instruction	17,722	56,083		73,805
Support Services:				
Tuition	3,271,431			3,271,431
Student & Instruction Related Services	10,957	2,209		13,166
General Administrative Services	14,109			14,109
Central Services	130,778			130,778
Plant Operations and Maintenance	16,546			16,546
Pupil Transportation	189,950			189,950
Employee Benefits	5,132			5,132
Total Expenditures	3,656,625	58,292		3,714,917
Excess (Deficiency) of Revenues Over Expenditures	(175,224)			(175,224)
OTHER FINANCING SOURCES (USES)				
Closeout of Capital Projects Fund	367		(367)	
Closeout of Enterprise Fund	(36,014)			(36,014)
Net Change in Fund Balances	(210,871)		(367)	(211,238)
Fund Balance - July 1	111,792		367	112,159
Fund Balance - June 30 (Deficit)	\$ (99,079)	\$	\$ -	\$ (99,079)

The accompanying Notes to Financial Statements are an integral part of this statement.

ELMER BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ (211,238)**

Amounts reported for Governmental Activities in the Statement
of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of
Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (9,528)	
	<hr/>	(9,528)

The loan from the State of New Jersey, in the amount of \$212,239, was considered revenue in
the Governmental Funds, but not in the Statement of Activities per the "School District
Fiscal Accountability Act". (Note 18) In addition, \$100,000 was returned during the year
as a budgeted expenditure in accordance with state Statute

(112,239)

Change in Net Position of Governmental Activities (A-2)	\$ (333,005)	
	<hr/>	
	<hr/>	

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

ELMER BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities -	
	Enterprise Fund	
	<u>Pre-School</u>	<u>Total</u>
	<u>Program</u>	<u>Enterprise</u>
Operating Revenues:		
Charges for Services:		
Non-reimbursable Sales	\$ _____	\$ _____
Total Operating Revenue:	_____	_____
Operating Expenses:		
Depreciation	_____	_____
Total Operating Expenses		
Non-operating Adjustments		
Closeout to General Fund	36,014	36,014
Cancellation of Accounts Receivable	(133)	(133)
Fixed Asset Adjustment	(41,616)	(41,616)
Cancellation of Accounts Payable	489	489
Change in Net Position	(5,246)	(5,246)
Total Net Position—Beginning	5,246	5,246
Total Net Position—Ending	\$ _____ _____	\$ _____ _____

The accompanying Notes to Financial Statements are an integral part of this statement.

ELMER BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds	
	Pre-School Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tuition	\$	\$
Payments for Employee Benefits		
Payments to Employees		
Payments to Suppliers		
Net Cash Provided by (used for) Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers to Other Funds		
Net Cash Provided by (used for) Non-capital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Equipment		
Net Cash Provided by (used for) Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends		
Net Cash Provided by (used for) Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
Balances—Beginning of Year		
Balances—End of Year	\$	\$
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by operating activities:		
Operating Income (Loss)	\$ 356	\$ 356
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities		
Decrease (Increase) in Accounts Receivable, Net	133	133
(Decrease) Increase in Accounts Payable, Net	(489)	(489)
Total Adjustments	(356)	(356)
Net Cash Provided by (used for) Operating Activities	\$ -	\$ -
Noncash Noncapital Financing Activities:		
During the year, the district did not receive any Food Commodities from the U. S. Department of Agriculture		

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

ELMER BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 549	\$ 8,784
Total Assets	<u>549</u>	<u>8,784</u>
LIABILITIES		
Payable to Student Groups		8,784
Total Liabilities		<u>\$ 8,784</u>
Net Position		
Reserved for Scholarships	\$ <u>549</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Elmer Borough School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the District is to educate students in grades K-8. The Elmer Borough School District became a non-operating District in the 2010-11 school year.

Business Administrator/Board Secretary services are contracted with the Salem County Special Services District including responsibility for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Township of Elmer Borough School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

New Accounting Standards:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards (cont'd):

- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures*, and Local Governmental Employers, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 69, *Government Combinations and disposals of Government Operations*, will be effective beginning with the year ending December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards (cont'd):

- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, is effective for periods beginning after June 15, 2013. This Statement's objective is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate for the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

A. Basis of Presentation:

The District's basic financial statements consist of District-Wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information.

District-wide Statements: The Statement of Net Position and the Statements of Activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation (cont'd):

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund. As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District currently has no capital projects and, therefore, has not included a capital projects fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund was comprised of an After Care Program during July and August of 2011.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service and After Care Program Funds:	
Equipment	12 Years

According to the terms of the Lease with Pittsgrove Board of Education, all equipment became the property of Pittsgrove and the records have been adjusted accordingly.

FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and the following scholarship funds:

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of Unearned Revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control (Cont'd):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, which differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types are shown on Exhibit C-3.

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as Unearned Revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

There were no tuition charges made by the Board of Education based on estimated costs, as the district is Non-operating.

G. Tuition Payable:

Tuition charges for the fiscal years 2010-11, 2011-12 and 2012-13 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

I. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Inventories and Prepaid Expenses (Cont'd):

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

J. Assets, Liabilities and Equity:

Transactions - Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories - On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013. There was no inventory in the Food Service Fund at June 30, 2013.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2013 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

K. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district-wide Statement of Net Position.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Compensated Absences (Cont'd):

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

Unearned Revenue in the special revenue fund represents cash that has been received but not yet earned.

M. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

N. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

O. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide Financial Statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

T. Net Position:

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

U. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

V. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. Bond and Lease Acquisition Costs:

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2013.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions in which they may invest. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts as follows:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2013, the District had no funds on deposit with the New Jersey Cash Management.

Deposits:

N.J.S.A. 17:9-41, et seq. establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office on the state of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

The school district has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2013, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 95,115
NJ Cash Management Fund	-
Total	<u>\$ 95,115</u>

Custodial Credit Risk:

Custodial credit presents a risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41 et seq. that the School District deposit all public funds in public depositories protected from loss under the provisions of the GUDPA Act as previously described.

The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2013, the District's bank balance of \$89,627 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 89,627
Collateralized under GUDPA	<u>0</u>
Total	<u>\$ 89,627</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account may be established by New Jersey school districts for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April 2005 transfers must be in compliance with P.L.2005, C73 (S1701). Pursuant to N.J.A.C 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects of \$349,300, as shown in its approved LRFP. The District does not have a capital reserve account.

NOTE 5. OPERATING LEASES - None

NOTE 6. INVENTORY

There is no Food Service Fund or related inventory as of June 30, 2013.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances due to the General Fund are \$11,101 from the Grant Fund.

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 20,623			\$ 20,623
Total Capital Assets not being Depreciated	20,623			20,623
Building and Building Improvements	996,817			996,817
Site Improvements	81,338			81,338
Totals at Historical Cost	1,078,155			1,078,155
Less Accumulated Depreciation for :				
Building and Improvements	(927,022)	(5,297)		(932,319)
Site Improvements	(40,012)	(4,231)		(44,243)
Total Accumulated Depreciation	(967,034)	(9,528)		(976,562)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	111,121	(9,528)		101,593
Government Activities Capital Assets, Net	\$ 131,744	\$ (9,528)		\$ 122,216
				To A-1
Business-type Activities :				
Buildings and Improvements	\$ 59,086		\$ (59,086)	\$ -
Less Accumulated Depreciation	(17,470)		17,470	
Business-type Activities Capital Assets, Net	\$ 41,616	\$ -	\$ (41,616)	\$ -
Depreciation expense was charged to governmental functions as follows:				
	Unallocated			<u>\$ 9,528</u>

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9. GENERAL LONG TERM DEBT

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

				Amounts		
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	Long-term Portion
Other Liabilities:						
State of NJ Loan Payable	\$ 1,000,000	\$ 212,239	100,000	1,112,239	\$ 121,224	\$ 991,015
Short-term Loan Payable	117,595	138,183	117,595	138,183	138,183	
Total Other Liabilities	\$ 1,117,595	\$ 350,422	217,595	\$ 1,250,422	\$ 259,407	\$ 991,015

See Note 18 regarding the award of the School District Fiscal Accountability Act Loans of \$1,000,000 in 2011-12 and \$212,239 in 2012-13. The short-term loan of \$138,183 provided operating cash, resulting from the timing difference in the 19th and 20th state aid payments.

A. Bonds Payable -- Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

B. Bonds Authorized But Not Issued - The District had none as of June 30, 2013.

C. Capital and Operating Leases – There were no capital or operating leases in force during the audit year.

NOTE 10. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10. PENSION PLANS (CONT'D)

Significant Legislation - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10. PENSION PLANS (CONT'D)

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/13	\$ 0	0 %	\$ 0
6/30/12	42,377	0	43,377
6/30/11	41,727	0	41,727

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/13	\$ 0	0 %	\$ 0
6/30/12	16,170	0	0
6/30/11	24,762	0	0

During the fiscal year ended June 30, 2013, the State of New Jersey contributed \$0 to the TPAF for normal and \$0 for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$0 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as there were no employees.

NOTE 11. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

NOTE 12. COMPENSATED ABSENCES

The School District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the school district and its employees, is accrued as employees earn the rights to the benefits.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 12. COMPENSATED ABSENCES (CONT'D)

District employees were granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2013, no liability existed for compensated absences in the General Fund or in the Enterprise Fund, as the District is Non-operating.

NOTE 13. DEFERRED COMPENSATION

The Board no longer has employees covered under the prior deferred compensation plans created in accordance with Internal Revenue Code Section 403(b).

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the (\$99,079) deficit in the General Fund at June 30, 2013, all is undesignated.

Debt Service Fund - There is no Debt Service fund at June 30, 2013.

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey School Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is no fund balance at June 30, 2013.

NOTE 16. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

NOTE 17. DEFICIT FUND BALANCES

The District's deficit of (\$99,079) in fund balance in the General Fund as of June 30, 2013, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A: 22-44.2 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability.

**ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 17. DEFICIT FUND BALANCES (CONT'D)

Since the state is recording the last state aid payment in the subsequent fiscal year, the School District cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, a deficit does not alone indicate that the district is facing financial difficulties. While the 19th and 20th state aid payments totaling \$138,183 is in excess of the GAAP basis deficit of \$99,079, the District is relying on the "School District Fiscal Accountability Act", which provided \$1,212,239 in loan assistance and therefore, is facing severe difficulties, with its operations under the supervision of the County Office.

There is a deficit in Governmental Activity Net Position of \$1,089,102, reflected on the Statement of Net Position (Exhibit A-1), resulting from the treatment of the "School District Fiscal Accountability Act" loan proceeds described in Note 18 below, whereby the proceeds are considered as revenue for budget purposes but as a loan payable for GASB-34 reporting purposes. This loan will be paid back through an annual reduction in state aid receipts until the loan is fully paid off.

NOTE 18. SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT

The District ended the June 30, 2011 fiscal year with a \$272,243 general fund deficit. It also became clear to the District Officials that the amounts budgeted in the General Fund for 2011-2012 would not be sufficient to provide a thorough and efficient education. The New Jersey State Legislature passed the "School District Fiscal Accountability Act", which provided \$1,000,000 in advanced State Aid in 2011-12 and \$212,239 in 2012-13, to cover a portion of the deficit. The Legislation specifically required the advance state aid payment to be recorded as revenue for budget purposes in the school year in which the advance state aid payment is provided. The payment is recorded in long-term debt for GAAP purposes on Exhibit A-1. The Advanced State Aid shall be repaid by the School District through automatic reductions in state aid provided to the School District in subsequent years. The term of the repayment shall not exceed ten years, but may be for a shorter term as determined by the State Treasurer. In any year in which the School District's undesignated general fund balance is greater than 1.5% of general fund expenditures, the amount, which exceeds 1.5% shall be an additional amount applied to the following year's repayment.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

ELMER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,257,718	\$	\$ 1,257,718	\$ 1,257,718	\$
Interest on Investments	500		500	416	(84)
Rentals	100,000		100,000	100,000	
Miscellaneous	8,500		8,500	28,997	20,497
Total - Local Sources	<u>1,366,718</u>		<u>1,366,718</u>	<u>1,387,131</u>	<u>20,413</u>
State Sources:					
Equalization Aid	1,352,889		1,352,889	1,352,889	
Special Education Categorical Aid	125,837		125,837	125,837	
Security Aid	25,139		25,139	25,139	
Transportation Aid	72,207		72,207	72,207	
Other State Aids:					
Supplemental Enrollment Growth Aid	282,321		282,321	282,321	
New Jersey Advanced Aid	219,354		219,354	212,239	(7,115)
Non-public Transportation Aid				2,262	2,262
Extraordinary Aid:					
2012-13				20,710	20,710
2011-12				21,254	21,254
Total - State Sources	<u>2,077,747</u>		<u>2,077,747</u>	<u>2,114,858</u>	<u>37,111</u>
Federal Sources:					
Total Federal Sources					
TOTAL REVENUES	<u>\$ 3,444,465</u>	<u>\$</u>	<u>\$ 3,444,465</u>	<u>\$ 3,501,989</u>	<u>\$ 57,524</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Home Instruction:					
Purchased Professional - Educational Services	6,000	12,000	18,000	17,722	278
Total Regular Programs	<u>6,000</u>	<u>12,000</u>	<u>18,000</u>	<u>17,722</u>	<u>278</u>

ELMER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs within State-Regular	\$ 2,420,034	\$ 57,441	\$ 2,477,475	\$ 2,477,094	\$ 381
Tuition - Other LEAs within State-Special	508,539	54,793	563,332	561,755	1,577
Tuition - County Voc School Districts - Regular		3,500	3,500	3,500	
Tuition - County Voc School Districts - Special		1,000	1,000	1,000	
Tuition - CSSD & Regional Day Schools	147,067	4,820	151,887	151,875	12
Tuition - Private Schools for Disabled within State		76,927	76,927	76,207	720
Total Undistributed Expenditures - Instruction	3,075,640	198,481	3,274,121	3,271,431	2,690
Other Support Services - Student- Related Services:					
Purchased Professional - Educational Services	8,500	1,070	9,570	8,874	696
Total Undist. Expend.- Other Supp Serv Student-Related Services	8,500	1,070	9,570	8,874	696
Special Education - Extraordinary Services:					
Purchased Professional - Educational Services		2,493	2,493	2,083	410
Total Undist. Expend. - Other Supp. Serv. - Extra. Services		2,493	2,493	2,083	410
Support Services General Administration:					
Salaries					
Legal Services	4,000	(200)	3,800	133	3,667
Audit Fees	8,000		8,000	6,275	1,725
Other Purchased Professional Services	3,593		3,593	3,519	74
BOE Other Purchased Services	800	(588)	212		212
Other Purchased Services	924	488	1,412	1,406	6
BOE In-House Training/Meeting Supplies	50	300	350	317	33
BOE Membership Dues and Fees	2,500		2,500	2,459	41
Total Support Services General Administration	19,867		19,867	14,109	5,758
Central Services:					
Purchased Professional Services	46,010	(16,769)	29,241	26,485	2,756
Purchased Technical Services	4,450		4,450	4,293	157
Repayment of Fiscal Accountability Loan	100,000		100,000	100,000	
Total Central Services	150,460	(16,769)	133,691	130,778	2,913
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services		11,162	11,162	11,162	
Total Required Maintenance for School Facilities	\$	\$ 11,162	\$ 11,162	\$ 11,162	\$

ELMER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Operation and Maintenance of Plant Services:					
Insurance	\$ 5,682	\$	\$ 5,682	\$ 5,384	\$ 298
Total Other Operation and Maintenance of Plant Services	5,682		5,682	5,384	298
Total Operation and Maintenance of Plant Services	5,682	11,162	16,844	16,546	298
Student Transportation Services:					
Other Purchased Professional and Technical Services	1,228		1,228	29	1,199
Contracted Services (Between Home and School)					
Joint Agreements	124,304	375	124,679	124,653	26
Contracted Services (Special Ed. Students)-Vendors		7,289	7,289	7,289	
Contracted Services (Special Ed. Students)-Joint Agreements	29,932	9,480	39,412	39,412	
Contracted Services (Special Ed. Students)-ESCs		5,425	5,425	5,425	
Contracted Services - Aid in Lieu of Payments - NonPub Sch	12,376	884	13,260	13,142	118
Total Student Transportation Services	167,840	23,453	191,293	189,950	1,343
Unallocated Benefits:					
Workmen's Compensation	226		226		226
Other Employee Benefits	250		250	74	176
Unemployment Compensation	10,000	(2,870)	7,130	5,058	2,072
Total Unallocated Benefits / Total Personal Services - Employee Benefits	10,476	(2,870)	7,606	5,132	2,474
Total Undistributed Expenditures	3,438,465	217,020	3,655,485	3,638,903	16,582
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 3,444,465	\$ 229,020	\$ 3,673,485	\$ 3,656,625	\$ 16,860

ELMER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Interest Deposit to Capital Reserve	\$	\$	\$	\$	\$
TOTAL CAPITAL OUTLAY					
TOTAL EXPENDITURES	<u>3,444,465</u>	<u>229,020</u>	<u>3,673,485</u>	<u>3,656,625</u>	<u>16,860</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(229,020)	(229,020)	(154,636)	74,384
Other Financing Sources (Uses):					
Closeout of Capital Projects Fund				367	367
Closeout of Enterprise Fund				(36,014)	(36,014)
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses		(229,020)	(229,020)	(190,283)	38,737
Fund Balances, July 1	<u>229,387</u>		<u>229,387</u>	<u>229,387</u>	
Fund Balances, June 30	<u>\$ 229,387</u>	<u>\$ (229,020)</u>	<u>\$ 367</u>	<u>\$ 39,104</u>	<u>\$ 38,737</u>
<u>RECAPITULATION:</u>					
Unreserved:					
Undesignated				\$ 39,104	
TOTAL				<u>39,104</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(138,183)	
TOTAL (Deficit)				<u>\$ (99,079)</u>	

ELMER BOROUGH SCHOOL DISTRICT
BUDGET COMPARISON SCHEDULE - SPECIAL REVENUE FUND
AS OF JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$	\$	\$	\$	\$
Federal Sources	48,782	7,301	56,083	56,083	
Other		2,209	2,209	2,209	
Total Revenues	48,782	9,510	58,292	58,292	
EXPENDITURES:					
Instruction					
Other - Purchased Services	48,782	7,301	56,083	56,083	
Total Instruction	48,782	7,301	56,083	56,083	
Support Services					
Supplies and Materials		2,209	2,209	2,209	
Total Support Services		2,209	2,209	2,209	
Total Expenditures	48,782	9,510	58,292	58,292	
Other Financing Sources (Uses)					
Total Outflows	48,782	9,510	58,292	58,292	
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ELMER BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 3,501,989	[C-2]	\$ 58,292
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		117,595		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(138,183)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 3,481,401	[B-2]	\$ 58,292
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,656,625	[C-2]	\$ 58,292
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 3,656,625	[B-2]	\$ 58,292

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

ELMER BOROUGH SCHOOL DISTRICT
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>IDEA Part B</u>	<u>IDEA PRE-SCH</u>	<u>Safety Grant</u>	<u>Totals 2013</u>
REVENUES:				
Local Sources	\$	\$	\$ 2,209	\$ 2,209
Federal Sources	55,346	737		56,083
Total Revenues	55,346	737	2,209	58,292
EXPENDITURES:				
Instruction:				
Other - Purchased Services	55,346	737		56,083
Total Instruction	55,346	737		56,083
Support Services:				
Supplies and Materials			2,209	2,209
Total Support Services			2,209	2,209
Total Expenditures	\$ 55,346	\$ 737	\$ 2,209	\$ 58,292

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the School District.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

ELMER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2013 AND 2012

	<u>Pre- School Program</u>	<u>Totals</u>	
		<u>2013</u>	<u>2012</u>
ASSETS:			
Current Assets:			
Accounts Receivable:			
Other	\$	\$	\$ 133
Total Current Assets			133
Fixed Assets:			
Equipment			59,086
Accumulated Depreciation			(17,470)
Total Fixed Assets			41,616
Total Assets	\$	\$	\$ 41,749
LIABILITIES AND NET POSITION:			
Accounts Payable	\$	\$	\$ 489
Interfund			36,014
Total Current Liabilities			36,503
Net Position			
Investment in Fixed Assets			41,616
Unrestricted			(36,370)
Total Net Position			5,246
Total Liabilities and Net Position	\$	\$	\$ 41,749

ELMER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	<u>Pre- School Program</u>	<u>Totals</u>	
		<u>2013</u>	<u>2012</u>
OPERATING REVENUES:			
Local Sources:	\$	\$	\$
Total Operating Revenue			
OPERATING EXPENSES:			
Depreciation			2,614
Total Operating Expenses			2,614
Net (Loss) Income before Operating Transfers			(2,614)
Non-operating Adjustments:			
Closeout to General Fund	36,014	36,014	
Cancellation of Accounts Receivable	(133)	(133)	
Fixed Asset Adjustment	(41,616)	(41,616)	
Cancellation of Accounts Payable	489	489	
Net (Loss) Income	(5,246)	(5,246)	(2,614)
Net Position - July 1	5,246	5,246	7,860
Net Position - June 30	\$ -	\$ -	\$ 5,246

ELMER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2013 AND 2012

	<u>Pre- School Program</u>	<u>Totals</u>	
		<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$	\$	\$ (2,614)
Adjustments to Reconcile Operating Income (Loss)			
to Cash Used by Operating Activities:			
Depreciation			2,614
Change in Assets and Liabilities:			
Net Cash Used by Operating Activities			
Cash Flows from Noncapital Financing Activities			
Operating Transfer In-General Fund			
Net Cash Provided by Noncapital Financing Activities			
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets			
Net Cash Provided by Investing Activities			
Net Increase (Decrease) in Cash			
Cash and Cash Equivalents, July 1			
Cash and Cash Equivalents, June 30	\$	\$	\$ -

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

ELMER BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

	<u>Scholarship Fund</u>	<u>Agency</u>		<u>Total</u>	
		<u>Student Activity</u>	<u>Payroll</u>	<u>2013</u>	<u>2012</u>
ASSETS:					
Cash and Cash Equivalents	\$ 549	\$ 8,784	\$ -	\$ 9,333	\$ 13,410
Total Assets	<u>549</u>	<u>8,784</u>		<u>9,333</u>	<u>9,333</u>
LIABILITIES:					
Liabilities:					
Due to Payroll Withholdings					4,077
Due to Student Groups		8,784		8,784	8,784
Total Liabilities		<u>8,784</u>		<u>8,784</u>	<u>8,784</u>
Net Position:					
Held in Trust for Unemployment					
Claims and Other Purposes	\$ 549	\$	\$	\$ 549	\$ 549

ELMER BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Scholarship Fund</u>	<u>Total</u>
ADDITIONS:		
Contributions		
Plan member	\$	\$
Total Contributions		
Investment Earnings		
Interest		
Net Investment Earnings		
Total Additions		
DEDUCTIONS:		
Unemployment Claims		
Total Deductions		
Change in Net Position		
Net Position - July 1, 2012	549	549
Net Position - June 30, 2013	\$ 549	\$ 549

ELMER BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1,</u> <u>2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2013</u>
ELEMENTARY SCHOOL					
Student Activities	\$ 8,784	\$	\$	\$	\$ 8,784

ELMER BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1,</u> <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2013</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,077	\$	\$ 4,077	\$
Total Assets	<u>\$ 4,077</u>	<u>\$</u>	<u>\$ 4,077</u>	<u>\$</u>
LIABILITIES:				
Interfund Payable	\$ 4,077	\$	\$ 4,077	\$
Total Liabilities and Reserves	<u>\$ 4,077</u>	<u>\$</u>	<u>\$ 4,077</u>	<u>\$</u>

STATISTICAL SECTION

ELMER BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 54,640	\$ 131,462	\$ 164,183	\$ 199,728	\$ 197,227	\$ 240,762	\$ 241,347	\$ 141,146	\$ 131,744	\$ 122,216
Restricted	29,884	75,904	429,937	515,253	604,500	539,763	289,612	367	367	
Unrestricted	218,011	192,238	224,344	287,378	247,019	212,779	(7,057)	(272,243)	(888,208)	(1,211,318)
Total Governmental Activities Net Position	\$ 302,535	\$ 399,604	\$ 818,464	\$ 1,002,359	\$ 1,048,746	\$ 993,304	\$ 523,902	\$ (130,730)	\$ (756,097)	\$ (1,089,102)
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 379	\$	\$ 51,417	\$ 49,068	\$ 46,719	\$ 49,458	\$ 101,455	\$ 44,230	\$ 41,616	\$
Restricted										
Unrestricted	1	2,686	(15,821)	39,950	100,196	79,377	(14,694)	(36,370)	(36,370)	
Total Business-Type Activities Net Position	\$ 380	\$ 2,686	\$ 35,596	\$ 89,018	\$ 146,915	\$ 128,835	\$ 86,761	\$ 7,860	\$ 5,246	\$
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 55,019	\$ 131,462	\$ 215,600	\$ 248,796	\$ 243,946	\$ 290,220	\$ 342,802	\$ 185,376	\$ 173,360	\$ 122,216
Restricted	29,884	75,904	429,937	515,253	604,500	539,763	289,612	367	367	
Unrestricted	218,012	194,924	208,523	327,328	347,215	292,156	(21,751)	(308,613)	(924,578)	(1,211,318)
Total District-Wide Net Position	\$ 302,915	\$ 402,290	\$ 854,060	\$ 1,091,377	\$ 1,195,661	\$ 1,122,139	\$ 610,663	\$ (122,870)	\$ (750,851)	\$ (1,089,102)

Source: CAFR Schedule A-1

ELMER BOROUGH BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 496,063	\$ 486,784	\$ 449,881	\$ 438,090	\$ 445,654	\$ 459,769	\$ 425,105	\$ 86,071	\$ 65,999	\$ 73,805
Special Education	22,185	26,354	31,883	36,150	56,358	59,315	90,594			
Other Special Instruction		342		703	4,979	240	61,501			
Other Instruction	300	300	433	3,258	6,052	5,458	5,120			
Support Services										
Tuition	1,540,901	1,534,813	1,174,201	1,247,574	1,405,008	1,505,992	1,788,000	2,873,662	3,170,065	3,271,431
Student and Instruction Related Services	104,025	120,130	159,340	168,123	148,163	177,093	162,023	68,186	17,007	13,166
General and Business Administrative Services	162,393	126,334	85,709	101,617	93,286	73,933	130,108	26,320	18,123	14,109
School Administrative Services	67,116	63,807	30,500	31,160	34,408	38,631	75,699			
Central Services and Information Technology								28,665	29,708	30,778
Plant Operations and Maintenance	113,176	117,122	196,423	181,387	184,563	169,657	169,847	24,585	5,062	16,546
Pupil Transportation	102,580	112,477	109,210	127,080	106,733	138,933	128,040	180,684	163,471	189,950
Employee Benefits	220,537	240,180	236,728	277,031	322,283	252,223	383,766	187,463	90,276	5,132
Interest on Long-Term Debt										
Unallocated Depreciation and Amortization								9,402	9,402	9,528
Total Governmental Activities Expenses	2,829,276	2,828,643	2,474,308	2,612,173	2,807,487	2,881,244	3,419,803	3,485,038	3,569,113	3,624,445
Business-Type Activities										
Food Service	4,619	7,980	10,366	9,065	7,154	7,468	7,136			
Child Care	10,010	32,954	313,972	342,150	383,136	443,656	379,744	2,614	2,614	
Total Business-Type Activities Expense	14,629	40,934	324,338	351,215	390,290	451,124	386,880	2,614	2,614	
Total District Expenses	\$ 2,843,905	\$ 2,869,577	\$ 2,798,646	\$ 2,963,388	\$ 3,197,777	\$ 3,332,368	\$ 3,806,683	\$ 3,487,652	\$ 3,571,727	\$ 3,624,445
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 87,461	\$ 93,163	\$ 110,547	\$ 141,770	\$ 162,869	\$ 59,088	\$ 59,695	\$ 109,281	\$ 81,774	\$ 58,292
Total Governmental Activities Program Revenues	87,461	93,163	110,547	141,770	162,869	59,088	59,695	109,281	81,774	58,292
Business-Type Activities										
Charges for Services										
Child Care	8,710	30,640	284,132	343,626	372,188	410,476	368,068			
Operating Grants and Contributions										
Total Business-Type Activities Program Revenues	8,710	30,640	284,132	343,626	372,188	410,476	368,068			
Total District Program Revenues	\$ 96,171	\$ 123,803	\$ 394,679	\$ 485,396	\$ 535,057	\$ 469,564	\$ 427,763	\$ 109,281	\$ 81,774	\$ 58,292
Net (Expense)/Revenue										
Governmental Activities	\$ (2,741,815)	\$ (2,735,480)	\$ (2,363,761)	\$ (2,470,403)	\$ (2,644,618)	\$ (2,822,156)	\$ (3,360,108)	\$ (3,375,757)	\$ (3,487,339)	\$ (3,566,153)
Business-Type Activities	(5,919)	(10,294)	(40,206)	(7,589)	(18,102)	(40,648)	(18,812)	(2,614)	(2,614)	
Total District-Wide Net Expense	\$ (2,747,734)	\$ (2,745,774)	\$ (2,403,967)	\$ (2,477,992)	\$ (2,662,720)	\$ (2,862,804)	\$ (3,378,920)	\$ (3,378,371)	\$ (3,489,953)	\$ (3,566,153)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 1,278,283	\$ 1,245,130	\$ 1,200,868	\$ 1,087,722	\$ 1,093,693	\$ 1,137,441	\$ 1,137,441	\$ 1,165,877	\$ 1,233,057	\$ 1,257,718
Taxes Levied for Debt Service										
Unrestricted Grants and Contributions	1,549,342	1,567,684	1,585,741	1,567,348	1,627,398	1,599,071	1,685,790	1,521,487	1,507,577	1,879,822
Tuition Received	2,200	3,900	11,900	21,275	23,425	21,400	18,625			
Investment Earnings	3,523	4,177	5,532	9,628	11,597	11,082	6,671	2,099	872	416
Miscellaneous Income	31,170	29,075	31,073	29,336	11,251	20,288	20,656	22,461	20,466	31,206
Rent								100,000	100,000	100,000
Fixed Asset and Other Adjustments		(4,817)	20,623		(360)		(1,739)	(90,799)		(36,014)
Transfers	(4,900)	(12,600)	(73,116)	(61,011)	(75,999)	(22,568)	23,262			
Total Governmental Activities	2,859,618	2,832,549	2,782,621	2,654,298	2,691,005	2,766,714	2,890,706	2,721,125	2,861,972	3,233,148
Business-Type Activities										
Transfers and Adjustments	4,900	12,600	73,116	61,011	75,999	22,568	(23,262)			(5,246)
Total Business-Type Activities	4,900	12,600	73,116	61,011	75,999	22,568	(23,262)			(5,246)
Total District-Wide	\$ 2,864,518	\$ 2,845,149	\$ 2,855,737	\$ 2,715,309	\$ 2,767,004	\$ 2,789,282	\$ 2,867,444	\$ 2,721,125	\$ 2,861,972	\$ 3,227,902
Change in Net Position										
Governmental Activities	\$ 117,803	\$ 97,069	\$ 418,860	\$ 183,895	\$ 46,387	\$ (55,442)	\$ (469,402)	\$ (654,632)	\$ (625,367)	\$ (333,005)
Business-Type Activities	(1,019)	2,306	32,910	53,422	57,897	(18,080)	(42,074)	(2,614)	(2,614)	(5,246)
Total District-Wide	\$ 116,784	\$ 99,375	\$ 451,770	\$ 237,317	\$ 104,284	\$ (73,522)	\$ (511,476)	\$ (657,246)	\$ (627,981)	\$ (338,251)

Source: CAFR Schedule A-2

ELMER BOROUGH BOARD OF EDUCATION
FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 207,780	\$ 164,125	\$ 429,570	\$ 515,354	\$ 604,133	\$ 539,396	\$ 2,891,245	\$ 69	\$ 11,162	\$
Unreserved	65,848	113,868	236,002	300,049	261,007	230,859	123,674	(272,312)	100,630	(99,079)
Total General Fund	<u>\$ 273,628</u>	<u>\$ 277,993</u>	<u>\$ 665,572</u>	<u>\$ 815,403</u>	<u>\$ 865,140</u>	<u>\$ 770,255</u>	<u>\$ 3,014,919</u>	<u>\$ (272,243)</u>	<u>\$ 111,792</u>	<u>\$ (99,079)</u>
All Other Governmental Funds										
Reserved										
Unreserved, Reported in:										
Special Revenue Fund	\$ (468)	\$ (468)	\$ (468)	\$ (468)	\$ (468)	\$	\$	\$	\$	\$
Capital Projects Fund	367	367	367	367	367	367	367	367	367	
Total All Other Governmental Funds	<u>\$ (101)</u>	<u>\$ (101)</u>	<u>\$ (101)</u>	<u>\$ (101)</u>	<u>\$ (101)</u>	<u>\$ 367</u>	<u>\$ 367</u>	<u>\$ 367</u>	<u>\$ 367</u>	<u>\$</u>

Source: CAFR Schedule B-1

ELMER BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 1,278,283	\$ 1,245,130	\$ 1,200,688	\$ 1,087,722	\$ 1,093,693	\$ 1,137,441	\$ 1,137,411	\$ 1,165,877	\$ 1,233,057	\$ 1,257,718
Tuition Charges	2,200	3,900	11,900	21,275	23,425	21,400	18,625			
Transportation Fees	287									
Interest Earnings	3,523	4,177	5,532	9,628	11,597	11,082	6,671	2,099	872	416
Rent								100,000	100,000	100,000
Miscellaneous	30,883	29,075	31,073	29,336	11,251	20,288	20,656	22,461	20,466	31,206
State Sources	1,519,357	1,570,634	1,588,646	1,611,847	1,719,935	1,570,124	1,472,088	1,500,071	2,524,659	2,094,270
Federal Sources	117,446	90,213	107,822	97,271	70,332	88,035	273,397	130,697	64,692	56,083
Other Sources										
Total Revenues	2,951,979	2,943,129	2,945,661	2,857,079	2,930,233	2,848,370	2,928,848	2,921,205	3,943,746	3,539,693
Expenditures										
Instruction										
Regular Instruction	483,324	485,764	438,433	431,427	439,831	454,097	418,185	86,071	65,999	73,805
Special Education Instruction	19,016	24,958	29,021	34,484	54,902	57,897	88,864			
Other Special Instruction		342	433	703	4,979	240	61,501			
School Sponsored/Other Instruction	300	300		3,258	6,052	5,458	5,120			
Support Services										
Tuition	1,540,901	1,534,813	1,174,201	1,247,574	1,405,008	1,505,992	1,788,000	2,873,662	3,170,065	3,271,431
Student and Instruction Related Services	104,025	120,130	155,047	165,624	145,979	174,966	159,428	68,186	17,007	13,166
General Administrative Services	111,903	124,240	79,985	28,662	90,374	52,251	73,104	26,320	18,123	14,109
School Administrative Services	62,373	61,713	26,207	98,286	32,224	36,504	99,184			
Central Services and Information Technology						18,847	27,464	28,665	29,708	130,778
Plant Operations and Maintenance	106,881	114,356	196,243	181,387	184,563	169,657	169,847	24,585	5,062	16,546
Pupil Transportation	102,580	112,477	109,210	127,080	106,733	138,933	128,040	180,684	163,471	189,950
Other Support Services	45,747									
Employee Benefits	229,793	256,062	235,288	275,550	321,434	247,663	271,115	318,194	90,276	5,132
Lease Purchase Interest										
Capital Outlay	8,647	91,009	40,718	52,202	12,418	57,714	19,624			
Debt Service										
Principal										
Interest and Other Charges										
Total Expenditures	2,815,490	2,926,164	2,484,786	2,646,237	2,804,497	2,920,219	3,309,476	3,606,367	3,559,711	3,714,917
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	136,489	16,965	460,695	210,842	125,736	(71,849)	(380,598)	(685,162)	384,035	(175,224)
Other Financing Sources (Uses)										
Capital Lease										
Transfers and Adjustments	(4,900)	(12,600)	(73,116)	(61,011)	(75,999)	(22,568)	23,262			(36,014)
Total Other Financing Sources (Uses)	(4,900)	(12,600)	(73,116)	(61,011)	(75,999)	(22,568)	23,262			(36,014)
Net Change in Fund Balances	\$ 131,589	\$ 4,365	\$ 387,579	\$ 149,831	\$ 49,737	\$ (94,417)	\$ (357,336)	\$ (685,162)	\$ 384,035	\$ (211,238)
Debt Service as a Percentage of										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2

EXHIBIT J-5

ELMER BOROUGH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year					Prior Year	Special								
Ended			Business	Tech	Insurance	Education			Teacher					
June 30,	Tuition	Interest	Prop Tax	Services	Refund	Self-Eval	Donation	Rentals	Mentoring	Misc.	Total			
2013	\$	\$	416	\$	\$	\$	\$	\$	100,000	\$	\$	28,997	\$	129,413
2012			872						100,000			17,907		118,779
2011			2,099						100,000			18,769		120,868
2010	18,625	6,671	10,678					1,571				3,469		41,014
2009	21,400	11,082						11,110				3,659		47,251
2008	23,425	11,597			1,160			4,360				1,101		41,643
2007	21,275	9,628	15,510		437			3,870				4,713		55,433
2006	11,900	5,532	17,012		3,274			2,591				330		40,639
2005	3,900	4,177	17,905		858	2,607	544	280	391			302		30,964
2004	2,200	3,523	18,475	1,775			78	2,120				2,535		30,706

Source: District Records

EXHIBIT J-6

ELMER BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 1,296,700	\$ 80,759,300	\$ 403,600	\$ 88,000	\$ 22,661,500		\$	\$ 105,209,100	\$ 962,920	\$ 106,172,020	\$ 1.210	\$ 100,675,156
2012	1,412,700	80,413,100	403,600	88,000	21,731,500			104,048,900	1,198,528	105,247,428	1.195	109,930,465
2011	1,369,000	80,405,700	423,600	88,000	21,956,500			104,242,800	1,236,731	105,479,531	1.169	116,137,466
2010	1,410,400	80,607,900	253,900	88,000	22,533,300			104,893,500	1,220,584	106,114,084	1.100	116,835,098
2009	1,479,000	79,888,400	470,800	79,800	22,129,200			104,047,200	1,264,984	105,312,184	1.080	109,173,989
2008	1,482,800	80,000,600	470,800	91,100	22,186,000			104,231,300	1,448,444	105,679,744	1.077	105,423,499
2007	1,351,900	80,738,900	660,200	97,100	21,264,800			104,112,900	1,405,488	105,518,388	1.037	90,810,043
2006	1,384,700	80,356,300	660,200	97,100	21,233,500			103,731,800	1,379,074	105,110,874	1.035	87,764,073
2005	753,525	42,164,200	369,100	56,900	13,591,700			56,935,425	1,067,447	58,002,872	2.039	77,601,198
2004	754,325	42,029,200	369,100	56,900	13,608,900			56,818,425	1,095,571	57,913,996	2.118	73,924,661

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

* Estimate

ELMER BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Year Ended June 30,	Elmer Borough Board of Education			Overlapping Rates		Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Elmer	Salem County	
2013	1.210		1.210	0.533	0.923	2.666
2012	1.195		1.195	0.511	0.990	2.696
2011	1.169		1.169	0.492	0.955	2.616
2010	1.100		1.100	0.49	0.970	2.560
2009	1.080		1.080	0.467	0.919	2.466
2008	1.077		1.077	0.427	0.926	2.430
2007	1.037		1.037	0.373	0.808	2.218
2006	1.035		1.035	0.323	0.826	2.184
2005	2.039		2.039	0.545	1.350	3.934
2004	2.118		2.118	0.495	1.269	3.882

* First Year of Revaluation

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a general fund tax

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

EXHIBIT J-8

ELMER BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
First National Bank of Elmer	\$ 2,052,200	1.69%	NOT AVAILABLE	
Hofmann Properties, LLC	1,823,900	1.50%		
Taxpayer #1	1,575,800	1.29%		
South Jersey Hospital, Inc	1,198,528	0.98%		
Verizon Property Tax Dept	1,124,400	0.92%		
Fred Harz & Son, Inc	923,400	0.76%		
Taxpayer #2	892,800	0.73%		
Taxpayer #3	846,400	0.70%		
Warren Collins Property Rental, LLC	808,400	0.66%		
Pennsville National Bank	764,400	0.63%		
Total	\$ 12,010,228	9.87%	\$ -	0.00%

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

ELMER BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2013	\$ 1,257,718	1,257,718	100%	\$
2012	1,233,057	1,233,057	100%	
2011	1,165,877	1,165,877	100%	
2010	1,137,411	1,137,411	100%	
2009	1,137,441	1,137,441	100%	
2008	1,093,693	1,093,693	100%	
2007	1,087,722	1,087,722	100%	
2006	1,200,688	1,200,688	100%	
2005	1,245,130	1,245,130	100%	
2004	1,278,283	1,278,283	100%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

ELMER BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2013	\$	\$	\$	\$	\$			\$
2012								
2011								
2010								
2009								
2008								
2007								
2006								
2005								
2004		4,592				4,592	0.01%	139

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

ELMER BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2013	\$	\$	\$		\$
2012					
2011					
2010					
2009					
2008					
2007					
2006			N/A		
2005					
2004					

* Estimate

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-13.

If a District has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

ELMER BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013

Debt Repaid with Property Taxes				
Elmer Borough	\$	534,900	100.00%	\$ 534,900
Other debt				
Salem County - Borough's Share		48,368,964	0.19%	90,218
Subtotal, Overlapping Debt				<hr/> 625,118
Elmer Borough School District Direct Debt				<hr/> -
Total Direct and Overlapping Debt			\$	<hr/> 625,118 <hr/>

Sources: Elmer Borough Finance Officer and Salem County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Elmer. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

- a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

ELMER BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis	
	2012	\$ 98,661,957
	2011	108,881,136
	2010	111,233,828
	[A]	\$ 220,114,964
Average Equalized Valuation of Taxable Property	[A/3]	\$ 73,371,655
Debt Limit (2.5% of Average Equalization Value)	[B]	1,834,291 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 1,834,291

For Fiscal Year Ending

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 1,708,864	\$ 1,789,408	\$ 2,327,404	\$ 2,496,927	\$ 2,310,614	\$ 2,492,792	\$ 2,705,628	\$ 2,771,111	\$ 2,783,870	\$ 1,834,291
Total Net Debt Applicable to Limit										
Legal Debt Margin	\$ 1,708,864	\$ 1,789,408	\$ 2,327,404	\$ 2,496,927	\$ 1,884,180	\$ 2,492,792	\$ 2,705,628	\$ 2,771,111	\$ 2,783,870	\$ 1,834,291
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

^a Limit set by NJSA 18A:24-19 for a K through 8 District; other % limits would be applicable for other Districts

ELMER BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year		Population ^a		Personal Income (thousands of dollars) ^b		Per Capita Personal Income ^c	Unemployment Rate ^d
2013	*	1,381	\$	58,688,659	\$	42,497	7.60%
2012		1,383		57,621,229		41,664	7.70%
2011		1,391		56,818,177		40,847	7.50%
2010		1,393		55,307,672		39,704	3.60%
2009		1,342		51,732,758		38,549	7.40%
2008		1,348		52,822,728		39,186	4.30%
2007		1,344		48,965,952		36,433	3.40%
2006		1,358		47,136,180		34,710	3.30%
2005		1,361		44,926,610		33,010	3.30%
2004		1,363		44,327,486		32,522	3.00%

*Estimate

Source:

^a For Salem Country, Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

ELMER BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	7	6.5	6.5	7.0	6.0	7.5	6.5			
Special Education	1	1	1.0	1.0	1.0	1.0	1.0			
Other Special Education										
Vocational										
Other Instruction										
Support Services:										
Tuition										
Student & Instruction Related Services	1	1	1	1	1	2	2	N/A	N/A	N/A
General Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5			
School Administrative Services	1.5	1.5	1.5	1.5	1.0	1.0	1.0			
Central Services	1.0	0.5	1.0	1.0	1.0	0.5	0.5			
Business Administrative Services										
Plant Operations and Maintenance										
Pupil Transportation										
Food Service										
Total	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	<u>12.0</u>	<u>10.5</u>	<u>12.0</u>	<u>11.0</u>			

Source: District Personnel Records

ELMER BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2013	N/A	\$ 3,714,917	\$ N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	3,559,711	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	3,606,367	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	95	3,289,852	34,630	51.19%	11.6	8 : 1	99.2	93.7	-1.49%	94.46%
2009	83	1,901,132	22,905	-6.78%	11.6	8 : 1	100.7	95.9	-5.62%	95.23%
2008	76	1,867,430	24,571	4.50%	12	9 : 1	106.7	101.7	-2.73%	95.31%
2007	81	1,904,502	23,512	12.21%	10	11 : 1	109.7	104.8	-9.71%	95.53%
2006	85	1,781,115	20,954	-16.42%	10	13 : 1	121.5	116.0	7.00%	95.47%
2005	76	1,905,476	25,072	12.02%	14	9 : 1	113.0	108.6	-3.27%	96.11%
2004	76	1,701,039	22,382	67.81%	15	14 : 1	116.7	111.8	-8.90%	95.80%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October District count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

ELMER BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>District Building</u>										
<u>Elementary</u>										
Elmer School (1959)										
Square Feet	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281
Capacity (Students)	158	158	158	158	158	158	158	158	158	158
Enrollment	76	76	85	81	76	83	95	N/A	N/A	N/A

Number of Schools at June 30, 2013

 Elementary = 1

 Middle School = 0

 Other = 0

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October District count.

ELMER BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Elmer	19,281	\$ 11,162	\$ -	\$ 16,121	\$ 28,696	\$ 24,234	\$ 27,154	\$ 33,599	\$ 41,455	\$ 15,501	\$ 9,750
Total School Facilities		<u>11,162</u>	<u>-</u>	<u>16,121</u>	<u>28,696</u>	<u>24,234</u>	<u>27,154</u>	<u>33,599</u>	<u>41,455</u>	<u>15,501</u>	<u>9,750</u>
Other Facilities											
Grand Total		<u>\$ 11,162</u>	<u>\$ -</u>	<u>\$ 16,121</u>	<u>\$ 28,696</u>	<u>\$ 24,234</u>	<u>\$ 27,154</u>	<u>\$ 33,599</u>	<u>\$ 41,455</u>	<u>\$ 15,501</u>	<u>\$ 9,750</u>

ELMER BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG	Property Blanket Building & Contents	\$ 2,879,740	\$ 1,000
	General Liability		
	Bodily Injury and Property Damage	6,000,000	
	Products and Completed Operations	6,000,000	
	Personal Advertising Injury Limit	6,000,000	
	Boiler and Machinery		
	Property Damage and Business Income	100,000,000	1,000
The Ohio Casualty Insurance Company	Business Auto	6,000,000	1,000
	School District Legal Liability	1,000,000	5,000
	Surety Bonds		
	Cynthia Strang-Treasurer	150,000	
	Henry Bermann-Board Secretary	10,000	
	Suzanne R Fox Abdill-Board Secretary	10,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA*A Professional Association**Certified Public Accountants*

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 31, 2013

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Elmer Borough School District
County of Salem, New Jersey 08318

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Elmer Borough School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the Board of Education of the Elmer Borough School District's basic financial statements and have issued our report thereon dated October 31, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Elmer Borough School District, in the County of Salem, State of New Jersey is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Elmer Borough Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Elmer Borough Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Elmer Borough Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiency in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did however, identify one immaterial instances of deficiencies in internal control over financial reporting described in the *Independent Auditor's Management report on Administrative Findings – Financial, Compliance and Performance*. labeled Finding 2013-1.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Elmer Borough School District School Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the Elmer Borough School District Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 31, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF AWARDS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Elmer Borough School District
County of Salem, New Jersey 08318

Report on Compliance for Each Major Program

We have audited the Board of Education of the Elmer Borough School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Elmer Borough School District's major state programs for the fiscal year ended June 30, 2013. The Elmer Borough School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the Elmer Borough School District Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Elmer Borough School District Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Elmer Borough School District Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Elmer Borough School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Elmer Borough School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Elmer Borough School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Elmer Borough School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

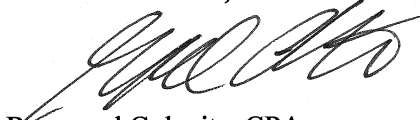
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Board of Education of the Elmer Borough School District responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned cost. We did not audit the Board of Education of the Elmer Borough School District responses and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, management, the Elmer Borough School District Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

ELMER BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through G Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period From To		Program or Award Amount	June 30, 2012			Cash Received	Budgetary Expenditures	June 30, 2013			
						(Accounts Receivable)	Unearned Revenue	Due to Grantor			(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
General Fund:														
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
I.D.E.A. Part B	84.027	IDEA-1350-12	9/1/11	8/31/12	\$ 62,178	\$ (11,307)			\$ 5,652		\$ (5,655)			
I.D.E.A. Part B	84.027	IDEA-1350-13	9/1/12	8/31/13	55,346				49,806	\$ (55,346)	(5,540)			
I.D.E.A. PS	84.173	IDEA-1350-13	9/1/12	8/31/13	737					(737)	(737)			
I.D.E.A. PS	84.173	IDEA-1350-12	9/1/11	8/31/12	867	(867)			861		(6)			
Total Special Revenue Fund						(12,174)			56,319	(56,083)	(11,938)			
Total Federal Financial Assistance						\$ (12,174)			\$ 56,319	\$ (56,083)	\$ (11,938)			

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with OMB Circular A-133 since the total of all federal grant expenditures was less than \$500,000.

ELMER BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance at June 30, 2012		Cash Received	Budgetary Expenditures	Balance at June 30, 2013		MEMO		
					(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education													
General Fund													
Equalization Aid	13-495-034-5120-078	7/1/12	6/30/13	\$ 1,352,889			\$ 1,234,274	\$ (1,352,889)	\$ (118,615)	*	\$ (118,615)	\$ 1,352,889	
Equalization Aid	12-495-034-5120-078	7/1/11	6/30/12	1,305,654	\$ (98,738)		98,738						
Special Education Categorical Aid	13-495-034-5120-089	7/1/12	6/30/13	125,837			114,804	(125,837)	(11,033)	*	(11,033)	125,837	
Special Education Categorical Aid	12-495-034-5120-089	7/1/11	6/30/12	117,285	(11,733)		11,733						
Security Aid	13-495-034-5120-084	7/1/12	6/30/13	25,139			22,935	(25,139)	(2,204)	*	(2,204)	25,139	
Security Aid	12-495-034-5120-084	7/1/11	6/30/12	23,810	(2,372)		2,372						
Transportation Aid	12-495-034-5120-014	7/1/11	6/30/12	47,466	(4,752)		4,752						
Transportation Aid	13-495-034-5120-014	7/1/12	6/30/13	72,207			65,876	(72,207)	(6,331)	*	(6,331)	72,207	
Nonpublic Transportation Aid	13-495-034-5120-014	7/1/12	6/30/13	2,262				(2,262)	(2,262)	*		2,262	
Nonpublic Transportation Aid	12-495-034-5120-014	7/1/11	6/30/12	2,088	(2,088)		2,088						
Extraordinary Aid	13-100-034-5120-473	7/1/12	6/30/13	20,710				(20,710)	(20,710)	*		20,710	
Extraordinary Aid	12-100-034-5120-473	7/1/11	6/30/12	21,254			21,254	(21,254)		*		21,254	
Supplemental Enrollment Growth Aid	13-495-034-5120-094	7/1/12	6/30/13	282,321			282,321	(282,321)		*		282,321	
New Jersey Advanced Aid	N/A	7/1/12	6/30/13	212,239				(212,239)	(212,239)	*		212,239	
Total General Fund					(119,683)		1,861,147	(2,114,858)	(373,394)		(138,183)	2,114,858	
Total State Financial Assistance					\$ (119,683)		\$ 1,861,147	\$ (2,114,858)	\$ (373,394)		\$ (138,183)	\$ 2,114,858	

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Elmer Borough School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$20,588 for the general fund and \$0 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

ELMER BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2013

(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 2,094,270	\$ 2,094,270
Special Revenue Fund	<u>56,083</u>	<u>0</u>	<u>56,083</u>
Total Financial Assistance	\$ <u>56,083</u>	\$ <u>2,094,270</u>	\$ <u>2,150,353</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING - None

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

School-Wide programs are not separate Federal programs as defined in OMB Circular A-13; amounts used in school-Wide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. There were no schoolwide programs in the District.

**ELMER BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X None
reported

Noncompliance material to basic
financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified? _____ yes _____ none
reported

Type of auditor's report issued on compliance for
major programs: N/A

Any audit findings disclosed that are required to be
reported in accordance with section .510(a) of
Circular A-133? _____ yes _____ no

CFDA Number(s)

Name of Federal Program or Cluster

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? X yes _____ no

**ELMER BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

Section II - Financial Statement Findings

None

**ELMER BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 (continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

**ELMER BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs
(continued)**

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**ELMER BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior - year findings related to the general - purpose financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.